

## Message Text

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PAGE 01 STATE 102216

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ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 EUR-25 NIC-01 /157 R

DRAFTED BY EB/ITP/EWT:SCHAAS:CLK

APPROVED BY EB/ITP/EWT:RBWRIGHT

EA/K:HFNEWSOM

L/EB:DBURNS

STR:JSHOWE

EUR/EE:JMANDEL

INFO: EUR/SOV:JCOLBERT

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R 161841Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

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E.O. 11652: N/A

TAGS: ETRD, GATT, US, YO, CZ, RO, HU, PL, KS

SUBJECT: MOFA QUERY RE US TRADE RELATIONS WITH EASTERN  
EUROPEAN COUNTRIES

REF: SEOUL 2816

ANSWERS TO PARA 2, REFTEL FOLLOW:

A) US CURRENTLY EXTENDS MFN ONLY TO YUGOSLAVIA AND POLAND,  
OF NATIONS LISTED PARA 1 REFTEL. 1951 US LEGISLATION RE-  
QUIRED WITHDRAWAL MFN TREATMENT FROM USSR AND COUNTRIES  
UNDER SOVIET DOMINATION. DUE TO SOVIET-YUGOSLAV SPLIT  
OF 1948, YUGOSLAVIA NOT CONSIDERED TO BE UNDER SOVIET  
DOMINATION. MFN RESTORED TO POLAND 1960 BY PRESIDENTIAL  
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PAGE 02 STATE 102216

DETERMINATION THAT IT NO LONGER DOMINATED BY USSR WITHIN

MEANING OF 1951 LEGISLATION. 1962 LEGISLATION (TRADE EXPANSION ACT, SEC 231) REMOVED PRESIDENTIAL AUTHORITY TO MAKE SUCH DETERMINATIONS.

B) SINCE US EXTENDED MFN TO CZECHOSLOVAKIA PURSUANT TO GATT PRIOR TO 1951, US WAS UNABLE TO INVOKE ARTICLE XXXV IN CASE OF CZECHOSLOVAKIA. GATT CONTRACTING PARTIES IN 1951 DECLARED THAT US AND CZECHOSLOVAKIA WERE FREE TO SUSPEND GATT OBLIGATIONS WITH RESPECT TO EACH OTHER. US INVOKED GATT ARTICLE XXXV UPON ACCESSION ROMANIA (1971) AND HUNGARY (1973) BECAUSE OF LEGISLATIVE PROHIBITION AGAINST MFN TREATMENT FOR THEM. SINCE POLAND WAS NOT A MEMBER OF GATT PRIOR TO 1967, US WAS NEVER REQUIRED TO INVOKE GATT PROCEDURES TO JUSTIFY WITHDRAWL OF MFN BETWEEN 1951 AND 1960.

C) DECISION TO INVOKE ARTICLE XXXV IS MADE BY EXECUTIVE; IN CASES OF ROMANIA AND HUNGARY, HOWEVER, DECISION WAS COMPELLED BY EXISTENCE OF LEGISLATION MAKING IT IMPOSSIBLE FOR US TO EXTEND MFN TO THOSE COUNTRIES. EXECUTIVE HAS IN PRACTICE NEVER INVOKED ARTICLE XXXV WHERE INVOCATION WAS NOT REQUIRED BY PROVISIONS OF DOMESTIC LEGISLATION.

D) AS NOTED, YUGOSLAVIA WAS NEVER INCLUDED IN GROUP OF COUNTRIES FROM WHICH MFN WAS WITHDRAWN IN 1951, BECAUSE IT WAS NOT UNDER SOVIET DOMINATION. POLAND WAS REMOVED FROM GROUP ON BASIS OF INCREASED INDEPENDENCE FROM USSR DEMONSTRATED BY POLISH GOVERNMENT IN LATE 50'S. SINCE 1962, EXECUTIVE HAS HAD NO AUTHORITY TO EXTEND MFN TO COUNTRIES NOT NOW RECEIVING IT. RUSH

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## Message Attributes

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